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**SEPTEMBER 12, 2013**

**AGENDA ITEM 6  
ACTION ITEM**

**SCHOLARSHARE INVESTMENT BOARD**

*Resolution to Approve Fee Reduction for the ScholarShare Plan*

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***Recommendation***

Staff and ScholarShare Investment Board's (SIB or Board) 529 industry consultant, AKF Consulting Group (AKF), recommend that the Board adopt Resolution No. 2013-06 approving a fee reduction for the ScholarShare Plan.

***Background***

SIB continually strives to provide participants in the ScholarShare College Savings Plan (Plan) with the best product possible while also remaining competitive among 529 college savings plans.

As part of its continuing effort to make enhancements to the program and remain competitive with other 529 plans, SIB is proposing a fee reduction that consists of the elimination of the State Administrative Fee of five basis points for the following passively-managed portfolios listed below and as outlined in the Comparison of Fees in Direct Sold Plans Memorandum (Exhibit A), prepared by AKF:

- Passive Age-Based Portfolio
- Passive Growth Portfolio
- Passive Conservative Portfolio
- Passive Diversified Fixed Income Portfolio
- Index U.S. Large Cap Equity Portfolio
- Passive Diversified Equity Portfolio
- Passive Moderate Growth Portfolio
- Index International Equity Portfolio
- Index Bond Portfolio
- Index U.S. Equity Portfolio

The most recent fee reduction took place when program management for the Plan transitioned to TIAA-CREF Tuition Financing, Inc. (TFI) in 2011, making the Plan one of the lowest cost plans in the 529 industry. The memo by AKF highlights how the Plan currently compares with other direct-sold 529 plans in term of total fees and also how it would fare following the proposed fee reduction. Following a review of the proposed fee reduction, SIB staff anticipates the State Administrative Fees that will continue to be collected for the Plan's actively-managed portfolios and the Principal Plus Interest Portfolio will be sufficient for the continued administration of the Plan by the Board. SIB staff will provide the Board with an annual review of the ScholarShare Administrative Fund balance.

The proposed fee reduction has been reviewed by SIB staff, AKF and TFI. SIB staff and AKF recommend that the Board approve the fee reduction for the Plan proposed by SIB. Pending Board approval, it is anticipated that the fee reduction will be effective in mid-November 2013.

***Presenters***

Zeny M. Agullana, Executive Director, ScholarShare Investment Board  
Andrea Feirstein, Managing Director, AKF Consulting Group

**RESOLUTION NO. 2013-06**

**RESOLUTION OF THE SCHOLARSHARE INVESTMENT BOARD  
RELATING TO THE APPROVAL OF A FEE REDUCTION  
FOR THE SCHOLARSHARE PLAN**

**WHEREAS**, the ScholarShare Investment Board (the “SIB” or “Board”) was created under the provisions of Article 19 of the California Education Code commencing with Section 69980 and as amended by Chapter 318, Stats. 2005 (AB 961) (the “Golden State ScholarShare Trust Act” or “Act”); and

**WHEREAS**, the Board is authorized by the California Education Code Section 69982(d) to promulgate, impose, and collect administrative fees and charges in connection with transactions of the ScholarShare Trust, and provide for reasonable services charges; and

**WHEREAS**, following a review of the fee structure, for the ScholarShare College Savings Plan (the “Plan”), SIB staff and the Board’s 529 industry consultant is proposing a fee reduction to the Plan that would provide an overall benefit to current and prospective ScholarShare participants and make the Plan more competitive among other 529 college savings plans.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board hereby approves a fee reduction to the Plan, which consists of the elimination of the State Administrative Fee of five basis points for the passively-managed portfolios in the Plan as listed below. The fee reduction shall take effect in mid-November 2013.

- Passive Age-Based Portfolio
- Passive Growth Portfolio
- Passive Conservative Portfolio
- Passive Diversified Fixed Income Portfolio
- Index U.S. Large Cap Equity Portfolio
- Passive Diversified Equity Portfolio
- Passive Moderate Growth Portfolio
- Index International Equity Portfolio
- Index Bond Portfolio
- Index U.S. Equity Portfolio

Attest:

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Chairperson

Date of Adoption:

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